

The original documents are located in Box 118, folder “Energy (1)” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Ron Nessen donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

September 24, 1974

SUBJECT:

STATUS OF PROJECT INDEPENDENCE

Yesterday in Detroit, the President mentioned that the American response to the oil embargo has taken the form of a program for action under the general title "Project Independence". What is the status of Project Independence?

GUIDANCE: Project Independence is moving ahead on schedule, and John Sawhill and the Federal Energy Administration are to develop a report to the President which will analyze and identify alternatives for moving the United States toward energy independence. President Ford has stated, "We must put the United States in a position to reduce our dependence on foreign oil." This analysis of alternatives is due to the President in early November. It will undoubtedly list ways in which we can increase domestic supply (i. e., increased leasing of the Outer Continental Shelf, Alaska Pipeline, etc.), and ways of reducing demand.

In addition, the Administration is continuing to work with Congress on a number of legislative matters which will greatly contribute to Project Independence. These include, for example, deregulation of natural gas, the establishment of an Energy Research and Development Administration, Strip Mining legislation, etc.

September 24, 1974

SUBJECT:

FORD ADMINISTRATION TO ASK FOR
POWER TO RATION GASOLINE

According to Thomas O. Enders, Assistant Secretary of State for Economic Affairs, the Ford Administration will ask Congress for a package of standby energy conservation powers, including the power to ration gasoline.

Is the Administration going to ask Congress for the power to ration gasoline?

GUIDANCE: The Administration will consult with the Congress on the International Energy Program discussed in Brussels last week. If this agreement is signed by the United States, and we expect it to be, then we will seek implementing legislation. This will include standby emergency authority to undertake energy conservation steps.

No decision has been made on what steps will be required. The Administration has not considered asking for standby authority for gasoline rationing. A whole range of possible conservation measures will be looked at, both in connection with the Brussels agreement and Project Independence.

September 30, 1974

SUBJECT: PRESIDENT'S POSITION ON INCREASING
GASOLINE TAX

Is the President considering raising the tax on gasoline by
10¢ or 20¢ per gallon?

GUIDANCE: As a result of the Conference on Inflation, the President and his economic advisors are considering 52 pages of recommendations. Among those recommendations are proposals to raise the tax on gasoline 10 or 20¢ per gallon. However, I repeat that this is just one of hundreds of recommendations brought out during the Conferences on Inflation.

Didn't the President several weeks ago, rule out the possibility
of a tax increase on gasoline?

GUIDANCE: The President has said that he is not in favor of a 10¢ a gallon tax on gasoline. However, as the President said when he started the Conferences on Inflation, he wanted to get input from all sectors of the economy, from all geographical regions of the country. An increase on the gasoline tax was one of those proposed, and it is one being considered.

FYI: On August 30, Jerry terHorst said, "I have talked to the President about these reports, and he has authorized me to say flatly that he is not in favor of a 10¢ per gallon tax on gasoline." END FYI.

Is the Administration considering giving fuel stamps to the poor?

GUIDANCE: This proposal was mentioned during one of the pre-summit conferences and will be considered along with the other recommendations.

October 1, 1974

SUBJECT:

SENATOR JACKSON ASKS U.S.
OIL PRICE CUT

Senator Jackson has proposed rolling back the price of domestic crude oil as a means of setting an example for rolling back world oil prices. What is the Administration's reaction to his proposal?

GUIDANCE: • Senator Jackson sent a letter to the President on September 27th which contains a number of ideas, among them the proposal of rolling back oil prices. A number of his other ideas have already been advanced by the Administration, and are in various stages now of consideration in the Congress. This includes five major pieces of legislation that the President referred to in his September 12 Message to Congress as legislation that must be passed this session.

The President and his staff are still in the process of reviewing the Senator's letter and its proposals and we'll be having a response to Senator Jackson in the very near future.

Can we get a copy of Senator Jackson's letter and a copy of the President's reply?

GUIDANCE: I'm sure we can get a copy of Senator Jackson's letter for you, and once the President's letter is finalized, I'll see if we can make that available also.

October 2, 1974

SUBJECT:

ECONOMIC/ENERGY CONSERVATION
MEASURES BEING CONSIDERED BY
THE WHITE HOUSE

What conservation measures are now being considered by the
White House? What are some of the economic measures which
the President is considering for announcement next week?

GUIDANCE: There are over 100 suggestions under active consideration at this time. Of course, many will not be accepted. Many of these recommendations came out of the more than 3,000 recommendations from the conferences on inflation.

It would be misleading to mention or discuss which are now under active consideration. No laundry list will be provided.

We expect the President to announce his decisions at the first part of next week.

JGC

October 2, 1974

SUBJECT:

ECONOMIC/ENERGY QUESTION

The President met yesterday with the Economic Policy Board's Executive Committee. Were any decisions made at that meeting?

GUIDANCE: Yes, there were some tentative decisions made. However, we will not announce these piecemeal, but the President will address these early next week.

Is the President considering gasoline rationing?

GUIDANCE: Yesterday, I believe I said that I did not believe he was considering gas rationing. Here I can tell you flatly that the President is opposed to gas rationing.

Does the White House anticipate any fuel shortages this winter?

GUIDANCE: With the continued support of the American people, it appears that the supply of petroleum and petroleum products will be adequate this winter. However, there may be some natural gas curtailments in certain areas.

FYI: If there is a coal strike, coal production, and the availability of coal could be a serious problem. However, no mention should be made of coal or the coal strike. END FYI.

Don't
mention

JGC

October 3, 1974

SUBJECT:

SANTA BARBARA OIL SPILL

What is the White House doing about the latest oil spill in the Santa Barbara Channel?

GUIDANCE: The Geological Survey of the Department of Interior has advised us that the oil slick off Santa Barbara is not due to any production in the channel. Preliminary studies show that this is a natural seepage of crude oil, which accumulates on the bottom over a period of time. When certain currents occur, it brings this accumulation to the surface.

If you desire any more detailed information, you may want to contact the Geological Survey at the Department of Interior.

JGC

October 4, 1974

SUBJECT:

OFF SHORE DRILLING

Apparently the Interior Department has decided to proceed with leasing and drilling for oil off the Atlantic Coast and in the Gulf of Alaska - despite strong opposition from environmentalists, coastal states and others. Does the President support this reckless decision?

GUIDANCE:

No decision has been made to hold a lease sale for oil and gas production on the Outer Continental Shelf (OCS) lands in the Atlantic, Gulf of Alaska or for new sales off the West Coast.

Our Nation needs new domestic sources of oil and natural gas. The Outer Continental Shelf lands are a leading potential source. Contingency planning and studies focused on OCS areas are underway and have been for some time. This includes studies of environmental impact required by the National Environmental Policy Act (NEPA).

In order to comply with NEPA, draft environmental impact statements must be prepared, circulated for comment and public hearings, and then a final statement prepared before a decision can be made to proceed with a lease sale.

In addition, no decision can be made with respect to the Atlantic Coast areas until there has been a formal decision by the Supreme Court on the U. S. vs. Maine case which is concerned with rights of the coastal states vs. the Federal government with respect to outer continental shelf lands.

The Interior Department memorandum referred to in the Washington Post this morning does nothing to change these procedures and requirements. It merely calls for planning and scheduling alternatives.

Again, no decision to proceed with a lease sale has been made.

JGC

October 11, 1974

SUBJECT:

14 ENERGY BILLS PENDING
IN CONGRESS

In his Philadelphia speech, the President said that there are at least 14 major proposals that Congress must act upon if we are going to get the kinds of energy sources and supplies that are needed. What are these 14 major proposals in the energy area?

- GUIDANCE:
1. Natural Gas Supply Act
 2. Mined Area Protection Act
 3. Deepwater Ports Facilities Act
 4. Revision of Nuclear Licensing Process
 5. Clean Air Act Amendments
 6. Appliance and Motor Vehicle Energy Labelling Act
 7. Naval Petroleum Reserves
 8. Special Energy Act of 1974
 9. Minerals Leasing Act
 10. Windfall Profits Tax
 11. Foreign Depletion Allowance
 12. Foreign Tax Credits
 13. Drilling Investment Tax Credit
 14. Department of Energy and Natural Resources

October 11, 1974

SUBJECT:

OIL

Does the President have the authority to decontrol oil?

GUIDANCE: Under the Emergency Petroleum Allocation Act of 1973, the President has the authority to allocate oil and set prices. It is our feeling that the President could make incremental increases on his own in the control price of oil.

If the President were to allow the price to rise to a significantly higher level or was to completely decontrol all oil, the President would have to submit this to Congress, upon which they would have 5 days to review and disapprove such action.

*In 5-days
Congress can
disapprove.*

Does the President have any ^{plans} ~~powers~~ to submit such a proposal to decontrol oil?

GUIDANCE:

October 15, 1974

SUBJECT:

PROXMIRE ATTACKS PRESIDENT'S
NATURAL GAS PROPOSAL

Senator William Proxmire has said that President Ford's call for the deregulation of natural gas supplies is the most inflationary policy ever put forward by a President of the United States. Proxmire says that deregulating natural gas would be a consumer ripoff which would raise the price of natural gas by 300% this year.

What is your reaction to the charges by Senator Proxmire?

GUIDANCE: The President has asked the Congress for legislation to remove new natural gas from regulation by the Federal Power Commission. He stated this request in a September 12 Message to the Congress and has repeated it several times since. Unfortunately, Senator Proxmire has misinterpreted the President's proposal, with the result that the Senator's calculation and statements about it are incorrect.

During the past 20 years, FPC has kept prices for natural gas artificially low, resulting in greatly increased demand, inefficient use, and a declining incentive for exploration, development and production of new domestic supplies. This regulation is recognized as a cause for the current shortage of natural gas, and a major cause of our national energy situation. Old supplies would continue under FPC price controls.

Deregulation of new natural gas supplies would show a gradual price increase. The increase will be very small compared to the higher price that consumers will have to pay for alternative fuels, such as expensive foreign oil, when natural gas from domestic sources is not available. In addition, a low price is usable to no one if the product is not available at that low price.

October 23, 1974

SUBJECT:

EPA OFFICIAL ADVISES
GAS RATIONING AND INCREASE
IN TAXES

John Quarles, the Deputy Administrator of the Environmental Protection Agency, yesterday called for the Government to consider gasoline rationing, abolishing the Highway Trust Fund, imposing a surcharge by weight on luxury cars, and an increase in the gasoline tax.

What's your reaction to the statement by John Quarles?

GUIDANCE: It is my understanding that the comments by Mr. Quarles were his own personal views and do not represent the views of EPA, Administrator Russ Train, or this Administration.

*Confidence in the people
voluntarily*

JGC

Brinegar, Morton Train briefed 45 mins
yesterday - see briefing
October 25, 1974

SUBJECT:

WHITE HOUSE TO HOLD MEETING
WITH AUTOMOBILE EXECUTIVES

According to today's Washington Star, the White House is hosting a meeting with top auto executives next week. Is this correct, and what is the purpose of the meeting?

GUIDANCE: As you will recall, in the President's Economic Address to the Joint Session of Congress on October 8, he said, "I will meet with top management of the automobile industry to assure, either by agreement, or by law, a firm program aimed at achieving a 40% increase in gasoline mileage within a four-year development deadline." So, this is the purpose of the meeting at the White House. *J. P.*

*will not participate in this prelim. mtg. Will
Be in Gaud Reports*

Who is chairing that meeting, and who will participate from the Administration?

GUIDANCE: Secretary Brinegar will be the chairman of that meeting and other Administration representatives will include: Secretary Morton, Administrator Sawhill of FEA, Administrator Train of EPA, and other members of the Domestic Council.

Will that meeting be open to the public?

GUIDANCE: Though the meeting itself will not be open, there will probably be a briefing following that meeting to completely bring you up to date.

JGC

October 25, 1974

SUBJECT:

PROJECT INDEPENDENCE BLUEPRINT

Is the White House holding up the issuance of the Project Independence blueprint until after the election, knowing that it will be controversial?

GUIDANCE: No. The blueprint has not been received at the White House. There is a preliminary draft being circulated to the interested agencies by the Federal Energy Administration for comment and corrections prior to the writing of a final report. Agency comment is due to be completed very soon according to our information.

At that time, and this is expected to occur around the first of November, the blueprint report will be submitted to the Energy Resources Council. The Council will review the report which consists of energy alternatives and then submit its findings to the President.

When will the report be made public and when will the President receive the recommendations from the Energy Resources Council?

GUIDANCE: I do not have any final word from either Secretary Morton or John Sawhill on when that report will finally be ready. I suggest you direct those questions to Secretary Morton, who is Chairman of the Energy Resources Council.

JGC

October 25, 1974

SUBJECT:

PROJECT INDEPENDENCE BLUEPRINT

Is the White House holding up the issuance of the Project Independence blueprint until after the election, knowing that it will be controversial?

GUIDANCE: No. The blueprint has not been received at the White House. There is a preliminary draft being circulated to the interested agencies by the Federal Energy Administration for comment and corrections prior to the writing of a final report. Agency comment is due to be completed very soon according to our information.

At that time, and this is expected to occur around the first of November, the blueprint report will be submitted to the Energy Resources Council. The Council will review the report which consists of energy alternatives and then submit its findings to the President.

When will the report be made public and when will the President receive the recommendations from the Energy Resources Council?

GUIDANCE: I do not have any final word from either Secretary Morton or John Sawhill on when that report will finally be ready. I suggest you direct those questions to Secretary Morton, who is Chairman of the Energy Resources Council.

JGC

November 6, 1974

SUBJECT:

SUBMISSION OF PROJECT
INDEPENDENCE REPORT
TO THE PRESIDENT

The projected date for submission of the Project Independence report has been November 7. Will the Project Independence report be submitted to the President tomorrow, November 7?

GUIDANCE: It is my understanding that the Project Independence blueprint will be submitted to the Energy Resources Council for their review at their next meeting, which is Tuesday, November 12. Following their review, the Energy Resources Council will be making their recommendations to the President.

JGC

1 Q. Were the FBI checks waived for all the people announced the same day as Gibson? If so, why?

2 Q. How long does it take to make these checks? (6 to 8 weeks or longer) *Depends on when the last check was made.*

3 Q. Did Gibson prior to the time of his announcement provide any information to any White House official concerning the severance arrangement with the Interstate Oil Transport Association? If so, why wasn't it communicated to the President? *No answer. FBI review.*

4 Q. Why doesn't the President just pick up the telephone and ask Mr. Gibson if this is true? *No answer.*

5 Q. When did the President find out about this arrangement, and how? *News reports.*

6 Q. Can't you just tell us if it is true that Mr. Gibson is getting a million dollars over a 10-year period? *No answer.*

7 Q. Is Gibson running the FEA? *No.*

8 Q. When does Mr. Sawhill leave the FEA? *When a replacement is confirmed or when Sawhill takes a new job.*

9 Q. What did Jack mean when he said that Gibson's name just came to the top of a talent pool? *Then, talent pool.*

10 Q. Did Secretary Morton know about or approve of Mr. Gibson's appointment? *Knows, approved.*

11 Q. Is Mr. Gibson a close personal friend of the President?

12 Q. Why didn't somebody just ask Mr. Gibson a general question "Do you have anything in your background that might be embarrassing"? *No answer.*

13 Q. Who in the White House approved Mr. Gibson to get in the talent pool?

All this will give to the completion of the
worked closely, in maritime lanes in 1970, knew him before maritime com. Not a personal friend. Pres. discussed relations with her saw after left maritime com.

GIBSON (cont.)

- 2 -

- 14 Q. One report today says that Rogers Morton agreed to Gibson's nomination but he was not his candidate. If Morton was told to get together his new energy team, why was Gibson forced on him? *He was alerted & concurred.*
- 15 Q. Does the President still intend to nominate Mr. Gibson?
- 16 Q. Is Mr. Gibson still his choice to be the head of the Energy Administration?
- 17 Q. Is anybody else doing an investigation of Mr. Gibson or just the FBI?
- 18 Q. Didn't Gibson submit a financial statement or conflict of interest statement to the White House before his appointment? If so, why wasn't that reviewed and that announced before his appointment?
- 19 Q. Does somebody on the White House Staff have the function of recruiting people and don't they have an obligation to check this before they are recommended?
- 20 Q. Was anyone on the Hill approached prior to the President's announcement of his intent to nominate Gibson?
- 21 Q. Isn't there a conflict of interest on the face of it?
- 22 Q. How can a man head the Federal Energy Administration and make such comments as, "I assume those bastards are not clever enough to do that in July.?"
- 23 Q. Does the President associate himself with those remarks?

24 Q: Isn't there a built-in conflict of interest when a person has a financial arrangement with a company whose product, in effect, is under the control of this individual?

25 Q: Is it true that Mr. Gibson was selected to head the energy agency not on the basis of his knowledge about energy problems but because he is supposed to be a good administrator who would keep a low profile as the New York Times reported today?

26 Q: Was Mr. Gibson selected because he knows the rules of the game and will not advocate policies the President is not in favor of?

27 Q: Isn't there somewhat of a conflict of interest in having Sawhill's former general counsel, Bill Walker, working in the White House to find a replacement for Sawhill?

NOVEMBER 8, 1974

GIBSON (cont.)

- 28 Q. Wasn't Mr. Gibson under very strong consideration for another federal post about a month ago?
- 29 Q. Is Mr. Sawhill going to get another job in the government and if so, when?
- 30 Q. Mr. Gibson says he expects to go on the payroll as a consultant following the departure of Sawhill and before his confirmation, will he now do that?

6-8 weeks or

~~longer~~ for full

investigation

non
day-to-day
operations.

no -
FEA - Bob Montgomery, General
counsel. (#3) Acting Director. (No Dept. news)

Gibson is not to go to the office.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Since Aug 9 - 6 or 7

Waivers granted -

Most ~~have~~ are cleared
pre nomination

Bush
Rush
Arens
GreenSPAN
Cooper
Flanigan
Nelson

All of were waived
in the case of Gibson -
Anders
Seawers
Raff -

Q - W Du know of compensation?

A - Yes. Did not know the amt.
~~He was paid~~

Q - President know?

A - No.

Q - Pres know of subsidy?

A - No.

Q - Prosecution?

A - Nothing illegal in contract,
I understand.

Q - Prosecute other allegations?

A - DOJ matter.

Q - Why withdraw?

A - His name

Q - Why Gibson will draw?

A - To avoid even an appearance
of conflict. And to make sure
the job is filled quickly,
without a lengthy confirmation
process.

Q - Gibson want job?

A - We sought him out. He did
not want job. He was considered
a good administrator and a
good manager.

~~Q -~~



Q - Walter know Gibson?

A - No

Q - Rumsfeld know?

A - No

Q - Who gets the nomination?

A - Don't know yet.

Q - Personnel process?

A - Tell you in a week or so.

Q - When announce new FEA?

A - Might take several months.

Q - Who runs FEA.

A - Sawhill until you hear otherwise.

Q - Pay, Order, Seaman?

A - Won't be nominated until bill is made. All had bill builds for other court jobs and had some checks before announcement.

Q - How long checks take?

A - 6-8 weeks or longer. This is one reason why it takes so long to replace W A staff.



November 11, 1974

SUBJECT: THE ENERGY RESOURCES COUNCIL
EXECUTIVE COMMITTEES MEETS
THIS MORNING

For Your Information

The Executive Committee of the Energy Resources Council met this morning at 9:30 a.m. in the Roosevelt Room. The meeting was chaired by Secretary Morton. Among the items on the agenda to be discussed were the status of the coal negotiations and Project Independence.

The full Energy Resources Council will meet tomorrow at 3 o'clock p.m. The main purpose of that meeting will be to receive the Project Independence blueprint.

Who makes up the Energy Resources Council Executive Committee?

GUIDANCE: I believe the following attended this morning's meeting: Morton (chairman), Carlson (Jack), Enders, Greenspan, Sawhill, Seidman, Simon, Zarb, and Zausner.

Was Andy Gibson at the meeting, and if so, why?

GUIDANCE: It is my understanding that he was at the meeting.

Who makes up the full membership of the Energy Resources Council?

GUIDANCE: The Council consists of the Secretary of the Interior, who shall be its Chairman, the Assistant to the President for Economic Affairs, the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Attorney General, the Secretary of Commerce, the Secretary of Transportation, the Chairman of the Atomic Energy Commission, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Administrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration (upon entry into office), the Administrator of the Environmental Protection Agency, the Chairman of the Council on Environmental Quality, the Director of the National Science Foundation, the Executive Director of the Domestic Council, and such other members as the President may, from time to time, designate.

November 11, 1974

SUBJECT:

PRESIDENT TO MEET WITH
COASTAL GOVERNORS

For Announcement

The President has invited the Governors of our Coastal states to meet with he and Secretary Morton on Wednesday, November 13, at 5 o'clock p.m. to discuss how this nation can expeditiously and wisely explore and develop the oil and gas potential of our Outer Continental Shelf (OCS).

Because the Southern Governors will be attending the Southern Growth Policy Board Meeting in Atlanta, the meeting here will be attended principally by Governors from the New England and Mid-Atlantic states. We have advised the Southern Governors that we will meet with them at an early date.

The meeting with the President will be followed that evening with an informal dinner hosted by Secretary Morton (the President will not attend) and a more detailed briefing and discussion session at the Department of Interior the following morning.

Which Governors will be attending the meeting with the President?

GUIDANCE: We can make that list available once it is finalized.

Morton brief c. 6:30

Q: Govs

A: Ask them to come down.

JGC

November 11, 1974

SUBJECT:

PRESIDENT TO MEET WITH
COASTAL GOVERNORS

For Announcement

The President has invited the Governors of our Coastal states to meet with he and Secretary Morton on Wednesday, November 13, at 5 ~~o~~clock p.m. to discuss how this nation can expeditiously and wisely explore and develop the oil and gas potential of our Outer Continental Shelf (OCS).

Because the Southern Governors will be attending the Southern Growth Policy Board Meeting in Atlanta, the meeting here will be attended principally by Governors from the New England and Mid-Atlantic states. We have advised the Southern Governors that we will meet with them at an early date.

The meeting with the President will be followed that evening with an informal dinner hosted by Secretary Morton (the President will not attend) and a more detailed briefing and discussion session at the Department of Interior the following morning.

Which Governors will be attending the meeting with the President?

GUIDANCE: We can make that list available once it is finalized.

Incumbent and newly elected will come

Refer questions to Morton.

Western Govs' - later meeting.

JGC

November 11, 1974

SUBJECT:

COAL STRIKE

What is the Administration's reaction now that the coal strike is a certainty and upon us?

GUIDANCE: The President is very concerned about the dislocations and hardships that will result. We continue to be hopeful that the collective bargaining process will work. It is my understanding that the negotiations are still continuing and that the prospects are good for a settlement soon.

What contingency plans or steps is the Administration taking to alleviate hardships?

GUIDANCE: It is my understanding that Mr. Zarb, the Executive Director of the Energy Resources Council, will be meeting with state energy representatives to discuss how the Federal government and state governments can work together to minimize hardships. That meeting will probably take place some time in the next few days.

JGC

CBS INTERVIEW WITH FRANK ZARB
NOVEMBER 12, 1974

Q. What do you and other government officials see if the coal strike runs a couple of weeks or longer?

A. That's a broad question. We have to start out viewing how the collective bargaining will work. We are doing everything in our power to not interfere with the collective bargaining process. Both sides are meeting, both sides are talking and they are making progress.

Q. What are you planning if the strike runs three weeks, a month or longer? What plans are you making?

A. Our original concern, and still is, is individual hardship cases produced by a long strike such as hospitals, schools, and areas who can get into trouble quickly. We are meeting with a number of governors on the issue of coal. State and local governments will be able to talk with Federal government officials here to coordinate their responses to emergency situations.

Q. What has been done to allocate coal or oil for fuel needs?

A. Keep in mind we are talking about 70% of coal production as opposed to 15% of oil during the embargo. Allocation is not a viable alternative. In addition, we don't have a distribution system to move coal around the country as we did during the oil problem.

Q. If the strike lasts 3-4 weeks, what conservation measures will be taken?

A. It would seem to me that it would be a local call. Areas where supplies are short will be asking consumers to use less lighting, and otherwise conserve supplies on hand. We are working with Governors on potential conservation steps if needed.

Q. What measures have been taken to hold coal exports?

A. The Department of Commerce is monitoring coal exports so that during this period we can see what may be moving through these channels, but keep in mind that coal will not be available to export during a strike.

Q. Will you invoke the Taft-Hartley?

A. Too early to think about it.

Q. Can it work in this case?

A. Too early to speculate. Taft-Hartley is a tool which should be used only in extreme circumstances. We are hopeful there will be a settlement.

Q. What are the economic effects of a coal strike? A month or more will effect 100,000 workers.

A. Now about 110,000 miners are affected immediately. Federal agencies will deal with unemployment, with all the tools at their disposal, but we are hopeful there will be a settlement before that becomes necessary.

Q. Has the Federal Government interfered with collective bargaining process? Don't you feel contingency planning in effect is putting pressure on the parties?

A. We have made every effort not to interfere with the free bargaining process. Contingency planning efforts are precautionary and restricted to emergencies.

Q. What about mandatory conservation efforts?

A. Today it is too early to think about.

Q. If the strike is a prolonged strike, won't it affect the country harder than the oil embargo?

A. A prolonged stoppage would be difficult. It would strain the economy, but that depends on the length of the strike.

Q. Do you think the workers are unfair in striking considering the economic constraints on the country?

A. No, this is the good old institution called free collective bargaining, and the strike is part of this process. They are still working out their differences.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 13, 1974

OFFICE OF
THE DIRECTOR

NOV 13 1974

MEMORANDUM FOR PAUL MILTICH

FROM: FRANK ZARB 3

SUBJECT: COAL STRIKE

The following statement is appropriate for the President to use in reply to inquiries of the coal strike situation.

- Q. What progress has been made in the negotiations of the coal strike?
- A. It appears that the parties are making progress. Many difficult issues have been resolved and I (the President) feel both parties are aware of their tremendous responsibility both to their principles and to the Nation.

I feel this will be sufficient, but if you prefer more specific answers, I should advise you that Bill Usery's office is preparing a summary of the situation for Ron Nessen. You might want to contact him.

Please call me if I can help further.

November 13, 1974

SUBJECT:

COAL STRIKE

William J. Usery, Jr., Director of the Federal Mediation and Conciliation Service and Special Assistant to the President has been in touch with the leadership on both sides of the bargaining table in the coal negotiations. He has advised the President that both sides are putting forth their best efforts to reach an early settlement on a new contract.

There are differences which are vitally important to both labor and management which need to be resolved, and the only way these issues will be resolved is through the collective bargaining process. We are hopeful that the union and the operators will soon reach an equitable agreement which will be ratified by the union membership. We are mindful of the impact which even a short strike will have on certain industries, to some extent on the economy, and particularly on the miners themselves.

Is the President considering invoking the Taft-Hartley Act?

GUIDANCE: Any talk of Government intervention at this time--aside from offering all the assistance we can in a mediatory role--will only serve to confuse and delay the negotiations now going on between the parties.

We will, of course, keep in close touch with the parties, as well as with the Government officials who are responsible for following the situation on a daily basis, and will take whatever action is warranted to facilitate an early end to this controversy and to ease the impact on the other sectors of our economy which are vitally dependent upon coal.

JGC

CBS INTERVIEW WITH FRANK ZARB
NOVEMBER 12, 1974

- Q. What do you and other government officials see if the coal strike runs a couple of weeks or longer?
- A. That's a broad question. We have to start out viewing how the collective bargaining will work. We are doing everything in our power to not interfere with the collective bargaining process. Both sides are meeting, both sides are talking and they are making progress.
- Q. What are you planning if the strike runs three weeks, a month or longer? What plans are you making?
- A. Our original concern, and still is, is individual hardship cases produced by a long strike such as hospitals, schools, and areas who can get into trouble quickly. We are meeting with a number of governors on the issue of coal. State and local governments will be able to talk with Federal government officials here to coordinate their responses to emergency situations.
- Q. What has been done to allocate coal or oil for fuel needs?
- A. Keep in mind we are talking about 70% of coal production as opposed to 15% of oil during the embargo. Allocation is not a viable alternative. In addition, we don't have a distribution system to move coal around the country as we did during the oil problem.
- Q. If the strike lasts 3-4 weeks, what conservation measures will be taken?
- A. It would seem to me that it would be a local call. Areas where supplies are short will be asking consumers to use less lighting, and otherwise conserve supplies on hand. We are working with Governors on potential conservation steps if needed.

- Q. What measures have been taken to hold coal exports?
- A. The Department of Commerce is monitoring coal exports so that during this period we can see what may be moving through these channels, but keep in mind that coal will not be available to export during a strike.
- Q. Will you invoke the Taft-Hartley?
- A. Too early to think about it.
- Q. Can it work in this case?
- A. Too early to speculate. Taft-Hartley is a tool which should be used only in extreme circumstances. We are hopeful there will be a settlement.
- Q. What are the economic effects of a coal strike? A month or more will effect 100,000 workers.
- A. Now about 110,000 miners are affected immediately. Federal agencies will deal with unemployment, with all the tools at their disposal, but we are hopeful there will be a settlement before that becomes necessary.
- Q. Has the Federal Government interfered with collective bargaining process? Don't you feel contingency planning in effect is putting pressure on the parties?
- A. We have made every effort not to interfere with the free bargaining process. Contingency planning efforts are precautionary and restricted to emergencies.
- Q. What about mandatory conservation efforts?
- A. Today it is too early to think about.
- Q. If the strike is a prolonged strike, won't it affect the country harder than the oil embargo?
- A. A prolonged stoppage would be difficult. It would strain the economy, but that depends on the length of the strike.

Q. Do you think the workers are unfair in striking considering the economic constraints on the country?

A. No, this is the good old institution called free collective bargaining, and the strike is part of this process. They are still working out their differences.

GASOLINE TAX

- Q. What is the President's position on increasing gasoline taxes?
- A. In a speech in Sioux Falls, South Dakota on October 16, the President said the following:

"Prior to my speech (to a joint session of Congress) a week ago, everybody else but myself was telling the American people what I was going to say about gasoline taxes. Well, I have now said or given my own views, but I want to reiterate it right here to you in South Dakota:

I am vigorously opposed to any additional Federal tax on gasoline, and I will fight it as hard as I possibly can.

* [A gasoline tax would unfairly, in my judgment, penalize certain people. And for that reason, among many others, I reject it. And we are not going to have it as long as I am in the White House."

JWH
11/13/74

#

November 13, 1974

SUBJECT:

COAL STRIKE

William J. Usery, Jr., Director of the Federal Mediation and Conciliation Service and Special Assistant to the President has been in touch with the leadership on both sides of the bargaining table in the coal negotiations. He has advised the President that both sides are putting forth their best efforts to reach an early settlement on a new contract.

There are differences which are vitally important to both labor and management which need to be resolved, and the only way these issues will be resolved is through the collective bargaining process. We are hopeful that the union and the operators will soon reach an equitable agreement which will be ratified by the union membership. We are mindful of the impact which even a short strike will have on certain industries, to some extent on the economy, and particularly on the miners themselves.

Is the President considering invoking the Taft-Hartley Act?

GUIDANCE: Any talk of Government intervention at this time--aside from offering all the assistance we can in a mediatory role--will only serve to confuse and delay the negotiations now going on between the parties.

We will, of course, keep in close touch ~~with the parties, as well as~~ (with the Government officials who are responsible for following the situation on a daily basis, and will take whatever action is warranted to facilitate an early end to this controversy and to ease the impact on the other sectors of our economy which are vitally dependent upon coal.

JGC

November 15, 1974

SUBJECT:

COAL STRIKE

What's the Administration's reaction to the agreement reached by the negotiators in the coal strike?

GUIDANCE: They are still in the collective-bargaining process, and the details of the agreement must be given to the members for ratification, and therefore, it would be very inappropriate for me or government officials to comment on the merits of the agreement.

JGC

November 15, 1974

SUBJECT: GOVERNOR CRITICIZES ADMINISTRATION
ON OCS MEETING

One or more of the governors at the recent meeting on OCS leasing commented that the governors were brought to Washington to be told what the government is going to do, not to listen to the concerns of the governors.

Did the governors have an opportunity to express their concerns and fears about leasing on the Outer Continental Shelf?

GUIDANCE: It is my understanding that the President, along with Secretary Morton, Simon, and Russ Peterson, the Chairman of CEQ, made opening remarks. This was then followed by a lengthy discussion which consumed over half the meeting whereby the governors expressed their views, their concerns, etc. The governors also had an opportunity during this time to ask the President or the Cabinet officers specific questions, so I think it would be very difficult to say that the governors did not have an opportunity to express their views, and that the Administration did not listen to their concerns.

What were the governors told about leasing on the OCS?

GUIDANCE: As you recall, Secretary Morton held a briefing following that meeting, and we did hand out remarks of the President on the subject, so I suggest you look at the transcript of the briefing or the President's remarks.

JGC

November 25, 1974

SUBJECT:

~~COAL STRIKE~~

Is the President satisfied with the apparent agreement in the coal strike?

GUIDANCE: The President is hopeful for speedy ratification, but we do not have the details of the agreement. We feel it would be improper and imprudent to comment on the agreement at this time.

Is it correct to assume that the government, through Bill Simon, exerted pressure through management to resolve the strike?

GUIDANCE: It is my understanding that Bill Simon, at the request of William Usery, did meet with management to discuss the ramifications of a prolonged coal strike. However, at no time did Mr. Simon meet with negotiators, and he was not involved in negotiations.

JGC

November 27, 1974

SUBJECT:

ARE OIL IMPORTS DECREASING?

Several weeks ago, the President asked to receive a weekly report on oil imports. Have these reports been showing a decrease in oil imports?

GUIDANCE: Secretary Morton, Frank Zarb, and FEA are in the process of developing a new system of reporting oil imports, and the demand for petroleum products. The new system has been agreed upon and will become effective within the next week and made public at the same time. The President has begun receiving reports using the old format, and will in the next week, begin receiving reports under a more complete reporting system. Therefore, it is too early to see any trend in the amount of oil imports.

JGC

November 27, 1974

SUBJECT:

PERSONNEL CUTS AT FEA

Has the FEA been ordered to cut 729 personnel?

GUIDANCE: It is my understanding that OMB has given FEA a target to get down to of 2,990 by July 1, 1975. This compares to their approximate current ceiling of 3,310.

JGC

QUESTIONS & ANSWERS

1. Question: What does the crude equalization program announced by Secretary Morton accomplish?

Answer: Currently, many independent refiners are heavily dependent on high price foreign or uncontrolled domestic oil. They are in a difficult competitive situation with other refiners, largely the majors, who have significant access to the less expensive old oil, now controlled at \$5.25/barrel. This program will equalize crude prices among all refiners through the buying and selling of tickets and thus remove any competitive disadvantages created by government price controls on old oil.

2. Question: Does this program do anything about the high costs of imported products, particular residual fuel oil and heating oil, along the East Coast? Hasn't the New England delegation been seeking relief?

Answer: The program will provide some relief for the East Coast. As approved by Secretary Morton, importers of residual and heating oil will receive 30% of an old oil entitlement for every barrel of residual and heating oil they import. We estimate that this will lower the costs of these fuels along the East Coast by about 80¢ per barrel.

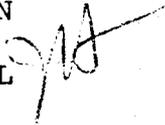
EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 27 1974

MEMORANDUM TO JOHN CARLSON

FROM: JOHN A. HILL 

SUBJECT: MORTON ON CRUDE OIL EQUALIZATION

This is a follow-up to our phone conversation of last night regarding a decision by Secretary Morton on crude oil equalization. The program will not be formally announced until Monday of next week, but we broke the news to the New England Caucus (the winners) last night along with key Senate/House members from the oil producing states (the losers).

BACKGROUND

- . U.S. Refineries pay different prices for crude oil as a result of price controls on old oil, free prices on new oil, and the utilization of imports at even higher prices than domestic uncontrolled oil. The prices paid by different refiners ranges from \$5.25/barrel to \$12.00/barrel. Refiners who have significant access to controlled oil at \$5.25/barrel (primarily the major oil companies) thus can sell their products at lower prices than refiners who have to rely on domestic uncontrolled or imported crude oil (primarily the independents). The program announced by Morton will require refiners to transfer funds between each other (through the buying and selling of entitlements) to equalize the effective price paid by all for crude oil.
- . The East Coast is also heavily dependent on imported residual oil and heating oil and consequently pays higher fuel bills than other parts of the country that neither uses residual fuel for electrical power generation or distillate oil for heating. In a sense, the East Coast is suffering a bigger burden as a result of OPEC prices than the rest of the country. The program announced by Morton will have the effect of lowering these prices by requiring refiners of old oil to also transfer funds to residual and heating oil importers (again through the buying and selling of tickets).
- . The program will lower fuel bills along the eastern seaboard by approximately \$.5 billion/year.

November 27, 1974

SUBJECT:

ARE OIL IMPORTS DECREASING?

Several weeks ago, the President asked to receive a weekly report on oil imports. Have these reports been showing a decrease in oil imports?

GUIDANCE: Secretary Morton, Frank Zarb, and FEA are in the process of developing a new system of reporting oil imports, and the demand for petroleum products. The new system has been agreed upon and will become effective within the next week and made public at the same time. The President has begun receiving reports using the old format, and will in the next week, begin receiving reports under a more complete reporting system. Therefore, it is too early to see any trend in the amount of oil imports.

JGC

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 27, 1974

MEMORANDUM FOR RON NESSEN

FROM: **FRANK G. ZARB**

SUBJECT: **EVANS AND NOVAK**

I would not make this a story unless the subject comes up as a question to you. However, if it does come up you might want to review these points:

- 1) Zarb has been with the President for three hours on various subjects over the last two days.
- 2) Zarb has not yet asked for a meeting for the purpose of briefing the President on the total energy issues.
- 3) He plans to ask for a meeting within the next two weeks, in which he and Secretary Morton will brief the President on the current status of the development of our national energy policy recommendations.

Coal Strike file.

THE WHITE HOUSE
WASHINGTON

FYI:

Mr. Seidman's office has not made distribution of this package.

11/74

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: RONALD. H. NESSEN
FROM: L. WILLIAM SEIDMAN
SUBJECT: COAL STRIKE

The attached memorandum has been reviewed and approved by the Executive Committee of the Economic Policy Board with instructions to transmit it to you for your use.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MEMORANDUM TO BILL SEIDMAN

FROM: FRANK ZARB 

SUBJECT: Sequence of Events Regarding a Possible Coal Strike

The next several days will be critical in determining the likelihood of a coal strike when the current contract expires on November 12. The purpose of this memo is to suggest a sequence of events for both this period and the week to ten days following the beginning of a strike if one does occur.

PHASE I - (November 5-8)

If an agreement for ratification purposes is not reached by Tuesday evening, November 5, the likelihood of at least a short work stoppage will be very strong. Pressures for Governmental action will intensify. During this period, I recommend:

- (1) A statement by the President (see attachment A) indicating a need for labor and management to increase their efforts to seek a settlement and expressing confidence that such an outcome can be achieved.
- (2) Hold any discussions of Taft-Hartley in abeyance. A draft answer for the President regarding a Taft-Hartley question is provided in attachment B.
- (3) Meeting with selected Governors to explain the position and capabilities of the Federal Government regarding efforts to alleviate adverse impacts of coal shortages. I have scheduled this meeting for Thursday, November 7. The message I intend to deliver is provided in attachment C.

PHASE II - (November 10-17)

- (1) If an agreement is not reached by November 9, the Government should begin to address Taft-Hartley. Procedures for seeking a Taft-Hartley injunction are provided in attachment D.

As you know, Taft-Hartley is a controversial device and should only be used in cases of involving severe threats to the Nation's well-being. This is particularly true in the case of the UMW and its history of not obeying Taft-Hartley injunctions.

Consequently, use of Taft-Hartley -- either as a threat or as an actuality -- should be considered by the President in close consultation with the Economic Policy Board and Bill Usery.

DOL (Schubert) has begun preliminary work on an injunction as a contingency measure.

- (2) Government should urge conservation, particularly of electricity, and begin to work with states to insure adequate responses to emergency situations at the local level.

OTHER ISSUES

- (1) A prolonged strike will have serious implications for the Nation's railroads, particularly the Penn Central, and pressures to assist the industry will be felt immediately. An assessment of this problem and possible solutions by Secretary Brinegar is provided in attachment E.
- (2) The strike is primarily an economic issue and should be handled by the Economic Policy Board, Bill Usery, and other agencies as appropriate (e.g. Department of Transportation impacts). Secretary Morton and I will be responsible for the limited energy supply aspects of the problem. You and I should coordinate the two sides on a daily basis.

ATTACHMENT A

DRAFT PRESIDENTIAL STATEMENT
(To be Given if Strike is Imminent)

The President today urged the United Mine Workers and the Bituminous Coal Operators to continue their efforts around the clock to reach agreement on a new coal contract before the current contract expires on November 12. Recognizing the importance of an early settlement within the context of the nation's economic situation, The President expressed confidence that the progress that has been made in the negotiations over the past several weeks will continue and that an extra effort in the closing days of the negotiations by both sides will avoid a prolonged shut down of the nation's mines.

The President underscored his commitment to the collective bargaining process and the need for the government to exercise restraint in regard to that process to insure the right of employers and employees to bargain freely on wages and working conditions. Plans have been made to work with States in the event of a strike to respond to any local emergencies or individual hardship cases that arise from coal shortages and to urge citizens to conserve on the use of electricity. Additional measures such as allocation of coal or an embargo on exports are not contemplated, either because they are impractical or inappropriate.

B

ATTACHMENT B

QUESTION: Mr. President, the nation is facing the real possibility of a coal strike next week. Are you planning to seek a Taft-Hartley injunction if a strike occurs?

ANSWER: I am not currently planning to seek a Taft-Hartley injunction in regard to the coal negotiations. It should be remembered that the possibility of a strike is an important part of the process by which the right of employees and employers to bargain freely over wages and working conditions is protected. Interference in this process by government should only occur when the health and safety of the nation is severely threatened.

On the basis of discussions with my economic advisors, I am confident that the progress we have seen in the coal negotiations over the past several weeks will continue and that an early settlement can be reached.

C

ATTACHMENT C

TALKING POINTS FOR ZARB MEETING WITH GOVERNORS REGARDING POSSIBLE COAL STRIKE

1. The possibility of a coal strike next week is better than even. Progress in recent weeks at the negotiation table however would indicate that a strike will be short, if it occurs at all.
2. Primary reliance is being placed at the Federal level on the collective bargaining process to avoid a strike or to confine it to a very short duration. This is a labor dispute, and any attempt to view it as something else -- e.g. as an energy embargo such as last winter -- could lead to actions which might hasten or prolong a strike.
3. With this overall operating philosophy as a background, let me indicate that there will be individual hardship cases and emergencies in some areas if a strike occurs and lasts for more than a week. In recognition of this fact, the Federal Government has examined a number of options for alleviating such emergencies and I would like to discuss our conclusions with you.

4. First let me indicate what we are not planning to do:

- A massive allocation program for coal ala the oil program of last winter is out of the question. If a strike occurs there will not be enough coal to allocate and the physical constraints on such allocation are prohibitive.

- Exports of coal will not be curtailed. We export primarily only metallurgical coal and a strike will dry up those exports very quickly. Curtailing exports would only give us 3 - 4 days additional supply; the costs of turning around the coal already in the pipeline and re-routing it to domestic users would be prohibitive.

5. What we are prepared to do.

As discussed with your state energy officers several weeks ago in Orlando, we view steps to alleviate individual hardship cases as a State and local responsibility. In assisting you to carry out this responsibility, we are prepared to:

- provide each State with weekly data indicating the situation for each of your major coal users;

- work with State officials in identifying sources of coal suitable for meeting individual emergency needs;

- provide each state with staff or other assistance to undertake additional steps such as temporary relaxation of emission standards, conservation campaigns, and so forth;

- operate an emergency center here in Washington to handle large inter-state or severe intra-state problems that cannot be resolved by State officials.

6. We are also planning to:

- urge conservation for all users;

- wheel power when necessary;

- to take whatever steps we can to increase base-loading of non-coal fired electrical generating plants.

D



OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

10-31

October 30, 1974

MEMORANDUM

FOR: The Honorable Frank Zarb
Associate Director
Natural Resources, Energy and Science
Executive Office of the President
Office of Management and Budget

FROM: Laurence H. Silberman *LHS*
Deputy Attorney General

Richard Schubert *RS*
Under Secretary of Labor

SUBJECT: Operation of the Taft-Hartley National
Emergency Provisions

The Taft-Hartley National Emergency Provisions
(29 U.S.C. 176 et seq.) operate as follows:

(1) If the President determines that an actual or threatened strike imperils the national health or safety he may appoint a board of inquiry to investigate the issues involved in the dispute and submit to him a written report without recommendations which he must make available to the public. The Board consists of a chairman and as many other members as the President wishes to appoint, usually 2. The Board is often appointed prior to the commencement of a threatened strike to permit, if necessary, obtaining an injunction to prevent any work stoppage from occurring. The Board usually holds hearings and issues its report 1 to 10 days after its creation. Implementation of this phase of the Taft-Hartley procedures may be expedited if the Department of Labor and the Federal Mediation and Conciliation Service now identify prospective members of the Board and information to be presented to the Board.

(2) After receiving the Board's report, the President may direct the Attorney General to seek an 80-day injunction against the strike. If the court finds that the actual or threatened strike effects all or a substantial part of an industry in interstate commerce and will imperil national health or safety, it must grant the injunction.

A temporary restraining order, which is converted to a preliminary injunction after a formal hearing, is typically obtained 1 to 4 days after the Board reports to the President; the process of obtaining a temporary restraining order and injunction may be expedited if the Departments of Justice and Labor are permitted to begin preparing a Complaint and developing supporting affidavits as soon before the contemplated filing date as possible. A Government request for an injunction has been denied only once and injunctions have been issued in each of the 2 cases in which the Government has sought to enjoin a coal strike. Injunctions are ordinarily obeyed, but are punishable by civil and/or criminal contempt if they are not obeyed. Two of the 4 cases in which contempt citations have been sought involved the United Mine Workers.

(3) During the period of the injunction the parties are to make every effort to settle the dispute with the assistance of the Federal Mediation and Conciliation Service.

(4) If the dispute remains unsettled 60 days after the issuance of the injunction, the Board must present a status report, including the employer's last offer, to the President who must make it available to the public. The National Labor Relations Board, within the next 15 days, must conduct a secret ballot of the employees on whether they want to accept the employer's final offer; this offer has been rejected in each case in which a vote has occurred. The NLRB must certify the results of the vote to the Attorney General within 5 days.

(5) Upon certification of the results of the secret ballot, the Attorney General must have the injunction dissolved.

(6) When the injunction is dissolved and the strike instituted or reinstated, the statute requires that the President present a report to Congress which may include his recommendations for legislation to deal with the strike; however, it appears that the President has not issued the contemplated report in those cases in which injunctions have expired before a settlement was reached.

E



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

November 4, 1974

MEMORANDUM FOR HONORABLE WILLIAM E. SIMON
CHAIRMAN, ECONOMIC POLICY BOARD

SUBJECT: Impact of a Coal Strike on the Transportation Industry

1. Impact

A prolonged coal mine work stoppage would have serious implications for several modes of transportation, with the railroads suffering the most immediate and severe damages. Most of the major rail coal haulers such as the Norfolk & Western and the Chessie System are in reasonably good financial shape, but the financial impact on the Penn Central would be very serious. The total revenue loss to the rail industry of a 30-day strike is estimated at \$60-80 million from decreased coal shipments alone, and obviously could become greater as the steel and automobile and other shipping industries are affected.

The barge industry would suffer an estimated loss of about \$2.5 million in a strike of six weeks duration. The overall health of this industry is good, however, and it is believed they can absorb this dollar loss.

The impact on transit systems is tied to local utilities' ability to supply required power. Most of these local utilities are hooked into regional networks enabling them to purchase power interchangeably. As a result, it is difficult at this point to determine the actual impact a strike would have on the transit industry.

The attached statement provides more detail on all three industries.

2. Penn Central

The most serious immediate transportation impact of a coal strike will be on the Penn Central. It would lose \$18 million a month in coal revenues alone.

Even without a coal strike, Penn Central is in a very marginal cash situation. The railroad ended October with a cash balance of \$11.8 million, and is presently facing a potential deficit of \$2.4 million at the end of November. The outlook for the end of December is a cash balance of only \$15.0 million. There is always